EXECUTIVE APPROVAL FORM

CUSTOMER NAME: Lithonia Lighting

SECTION I - Approval Requests:
HQAPP Requests:

1) request a worst case discount of 75% for DB-EE, RAC Management packs & 9iias. These licenses will be restricted usage ones limited to use only with Oracle 11i ebiz apps.

Due to performance issues Lithonia was forced to abandon their NT platform and move to Linux. After 3 months of work by Lithonia & Oracle (OCS) they became the first Oracle Applications Customer running 9i RAC (trial) on Linux and have been running successfully on that platform . Customer is currently licensed for oracle applications (out of the box > no modifications to DB or apps) therefore they received with apps restricted use licenses of DB-EE at no charge.. They have decided to move the apps & db over to Linux (from NT) b/c of poor performance issues. In their new Linux environment they will need to use RAC. In light of this, they are now trialing RAC on Linux. Lithonia now wants to migrate their apps over to ebiz app suite. Per OCS they will still be using the suite "out of the box" with no modifications to DB or apps. Lithonia believes that they should be entitled to get the same number of RAC to match the DB-EE on a restricted use metric at no charge. Both HQAPP & INFOPRICE confirmed that current RAC policy requires that they purchase DB as a prequisite to RAC. Therefore account team is requesting a 75% discount on restircted use licenses. Since customer may decide to make changes to the new modifications, they will also require IAS. Account team would like to restrict usage to 11i suite only. Per infoprice, ias is need for modifications & many functions are essential to run the 11i apps. Lithonia has been a loyal customer. If fact, they have participated in customer reference calls and will be at Linux World next week, as a guest of Red Hat, Dell & Oracle. Customer has also agreed to a reference video shoot at one of their locations in the next 30 Days and will be our guest at Apps World to discuss the suite and the platform. They have been sponsored by Chuck Rozwat and are having a platform update discussion with Chuck on August 13. Customer was also the subject of a Profit Magazine article in 2000 regarding HRMS implementation (5 months for 8000 people). Customer has engaged OCS for implementation as part of the implementation services on a projected $9M contract.

2) 35% worst case on ebusiness application suite. Except electronic orders (65%) (standard ebiz is 25%)

Lithonia Lighting is a 65 year old $1.2B lighting Manufacturer with They are the largest Lighting manufacturer in the US. Customers include Lowe's, Home Depot & Grainger. They have 8 manufacturing facilities anddistribution centers. An existing (1998) 11i Oracle Applications Customer, Lithonia has implemented Financials,HRMS and Manufacturing at their first mfg. facility. Customer has recently completed an evaluation of the Oracle E-Business footprint and has made the decision to standardize all business on the Suite. This will result in the retirement of 2 JDEdwards systems and an inhouse Order Management system. PeopleSoft was retired last year. With their past application, Lithonia was given 40% discount & price hold (expired) for roughly 1.7M spend. Account team is requesting 35% b/c Lithonia needs to keep the transaction in a budgetary range.
HQAPP approved 50% worst in Q1 however since the size of the deal has decreased AVP is only requesting 35%
Lithonia will need to license between 1M & 5M orders per year. They have stated that they believe the price per order should be at a higher discount than 35%. AVP spoke with Development about the price. Development will support a 65% on electronic orders between 1 & 5M. I have not yet received the formal email approval from Development. Upon receipt I will forward.

4) 3 year price hold on technology above (75% restricted use) & 35% application suite except electronic orders (65%).

Lithonia anticipates that their employee base (professional users & SS users) may increase over the next 36 months years, therefore they would like to lock into the same discount for ebiz suite.

Please note that all migrations of existing component programs to the ebiz suite will take Place on this transaction.

5) 3 year flatline of suuport for initial licenses as well as the for the additional users of ebiz suite & tech per the price hold above

APPROVED in Q1

1) request to determine the number of COGs for SC & options by taking 60% of the total company revenue

Lithonia doesn't believe that our COG metric is a fair & accurate way of measuring the value of the software. They believe that it inequitable to meaure supply chain in this manner by b/c it is too much of an unknown variable. It is possible that their cost of inventory doesn't increase but rather the price of the raw materials associated with the inventory increase. In this situation they don't believe that their software costs should increase simply b/c costs associated with their inventory have gone up. By tying it to revenue, Lithonia has more control over their licesning & raw materials. If the price of materials increase, then they increase the price of their lighting which would in turn increase their revenue. This would mean more revenue to Oracle in the long run. If the cost of inventory itself increases this would signal more demand which may lead to more revenue.

Please note thatI spoke to Don Klaiss about Supply Chain & Cogs issue. He has approved pricing supply chain & options by the cog metric but determining the cogs based upon % of the total company revenue. The total cost of inventory represents 60% of the company revenue. Therefore he has approved calculating cogs by figuring out what is 60% of the revenue. That number will then be deemed to be the number of cogs needed. The List price per Cog will remain the same as the standard price on price list. We discussed putting language in the K that states that for purposes of this order cogs shall equal 60% of revenue.If you approve this concept, worst case 75% for SC & options will not be needed. Worst case would be more in line with 50%.

Don is in the process of sending me a note to confirm his approval in writing.

APPROVED 8/15

1) request a worst case discount of 50% for ebiz application suite except Supply Chain add-ons. Requesting 75% for Supply Chain & SC options. Standard discount is 25%. Account team will lead with 30%.

Justification

Lithonia Lighting is a 65 year old $1.2B lighting Manufacturer with They are the largest Lighting manufacturer in the US. Customers include Lowe's, Home Depot & Grainger. They have 8 manufacturing facilities anddistribution centers. An existing (1998) 11i Oracle Applications Customer, Lithonia has implemented Financials,HRMS and Manufacturing at their first mfg. facility. Customer has recently completed an evaluation of the Oracle E-Business footprint and has made the decision to standardize all business on the Suite. This will result in the retirement of 2 JDEdwards systems and an inhouse Order Management system. PeopleSoft was retired last year. With their past application, Lithonia was given 40% discount & price hold (expired) for roughly 1.7M spend. Account team is requesting 50% b/c Lithonia needs to keep the transaction in a budgetary range. They also believe that since Lithonia is now contemplating a 5M Net deal (after migration credit),that a worst case 50% is warranted. Account team, however, will lead with 30%

With regard to 75% request for Supply Chain application add-ons, Lithonia doesn't believe that our COG metric is a fair & accurate way of measuring the value of the software. They believe that it inequitable to meaure supply chain by cogs b/c it is possble that their cost of inventory doesn't increase but rather the price of the raw materials associated with the inventory increase. In this situation they don't believe that their software costs should increase simply b/c costs associated with their inventory have gone up. Therefore to address their concern AVP is requesting 75% for cog program add ons as a worst case only. Account team will lead with 30 % then propose 50% if approved. 75% is worst case only

Please note that AVP is currently discussing other options with customer (including limiting to cogs & program to a certain divisions). AVP is also speaking with Don Klaiss to see if he would support a non standard metric for supply chain (i.e licesning on a named user or revenue basis). These non standard metrics have been approved in the past (thermo-king) by Development & HQAPP in certain instances. If Don is agreeable to a non standard metric, I will officially forward the request to you for your approval.

There are migrations involved in this transaction. Mat spreadsheet attached herein

In summary, the migration credit is 1,499,000
a)At standard ebiz of 25% for all ebiz apps (including supply chain) the net new after credit would be 2,150,000
b) At 30% for all ebiz apps (including SC) the net new after credit would be 1,900,000
c) At 30% for all ebiz apps (excluding SC) & 75% for SC net credit would be 1,400,000
d)At 50% for all ebiz apps (including SC) the net new after credit would be 961,000
e) worst case at 50% for ebiz apps (excluding SC) & 75% for SC, the net new after credit would be 680,000

These net new obviously do not include technology net fees

Please note that I spoke with Leliani from the MAT team. These numbers were calculated prior to the upgrade fee requirement & changes to the rules concerning ebiz migrations.

2) request one time-75% worst case on DB & RAC & selected options

If approved, request that the following language will be inserted in the OD:
"In consideration for this order, you have received a special one time only promotional discount on the programs ordered on this ordering document."

Due to performance issues Lithonia was forced to abandon their NT platform and move to Linux. After 3 months of work by Lithonia & Oracle (OCS) they became the first Oracle Applications Customer running 9i RAC (trial) on Linux and have been running successfully on that platform . As you may recall, customer is currently licensed for oracle applications (out of the box > no modifications to DB or apps) therefore they received with apps restricted use licenses of DB-EE at no charge.. They have decided to move the apps & db over to Linux (from NT) b/c of poor performance issues. In their new Linux environment they will need to use RAC. In light of this, they are now trialing RAC on Linux. Lithonia now wants to migrate their apps over to ebiz app suite. Per OCS they will still be using the suite "out of the box" with no modifications to DB or apps. Lithonia believes that they should be entitled to get the same number of RAC to match the DB-EE on a restricted use metric at no charge. Both HQAPP & INFOPRICE confirmed that current RAC policy requires that they purchase DB as a prequisite to RAC. Therefore account team is requesting a one time 75% discount as a compromise position. Lithonia has been a loyal customer. If fact, they have participated in customer reference calls and will be at Linux World next week, as a guest of Red Hat, Dell & Oracle. Customer has also agreed to a reference video shoot at one of their locations in the next 30 Days and will be our guest at Apps World to discuss the suite and the platform. They have been sponsored by Chuck Rozwat and are having a platform update discussion with Chuck on August 13. Customer was also the subject of a Profit Magazine article in 2000 regarding HRMS implementation (5 months for 8000 people). Customer has engaged OCS for implementation as part of the implementation services on a projected $9M contract.

3) A)request pricing support @ 20% of net L only IF net licenses exceed $5M, if not standard 22% will be used.
   B)request a three year flatline

   Please note that at worst case 50% & 75% for Db, the net fees (after net credit) will not exceed 5M. However, account team is leading with 30% on ebiz suite. In this scenario, net fees will be north of $5M. Based on this scenario, we are requesting 20% for support.

   Please note 3B will be used as worst case only. Account team will not lead with this request

4) 3 year price hold on additional users of ebiz suite & limited technology programs @ worst case 50%.

Lithonia anticipates that their employee base (professional users & SS users) may increase over the next 2 years, therefore they would like to lock into the same discount for ebiz suite. 50% discount for tech is in line with their past tech discounts.

5) a)request to calculate support on additional users of ebiz suite & additional tech programs @ 20% only IF initial deal is north of net $5M, if not calculate @ 22%

b) request 3 yr flatline for support on additional ebiz users & additional tech programs.

Please note 5B will be used as worst case only. Account team will not lead with this request

TIER 1 Requests:

1.
2.

TIER 3 Requests:

Previously approved requests (include date of approval):

SECTION II – Deal Summary:

Deal Summary	
Programs	Tech – 14% Apps – 86%
License Discount	35% Apps – 75% (Restricted Use) Technology DB,RAC,Packs 9ias
Support Discount	35% Apps – 75% (Restricted Use) Technology DB,RAC,Packs 9ias
Support Options/Holds	3 year flatline line
List License	6,754,942
Net License	2,434,042
List Support	1,486,087
Net Support	535,489
Total	2,970,751
Price hold	3 year 75% restricted use tech, 35% apps
Price List Used	current

Customer History - Existing Price Holds	
Existing contractual discount (price hold)	40% apps & DB
Date of Price List for price hold	1998
When does price hold expire?	2001
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	Erp application bundle DB, tools
Name of Agreement if applicable	

Recommendation: Approve

Submitted By: *Lisa Pope, Roberts*

R: 10/3/02

C: 10/3/02
L: 10/3/02
A: 10/3/02
BP: BL